



DATE SUBMITTED 04/12/17
 SUBMITTED BY PLANNING DIRECTOR
 DATE ACTION REQUIRED 04/19/17

COUNCIL ACTION (X)
 PUBLIC HEARING REQUIRED ()
 RESOLUTION (X)
 ORDINANCE 1ST READING ()
 ORDINANCE 2ND READING ()
 CITY CLERK'S INITIALS ()

**IMPERIAL CITY COUNCIL
 AGENDA ITEM**

SUBJECT: DISCUSSION/ACTION: Russell Court Annexation IM 5-15 Tax Share Agreement 1. Adopt Resolution #2017-09 approving Tax & Fiscal Impact Agreement IM 5-15 <div style="text-align: center;">10</div>	
DEPARTMENT INVOLVED: PLANNING	
BACKGROUND/SUMMARY: Ray D. Roben Sr; Roben LLC; Stephen J & Vicki L. Urih, property owners of affected property submitted an application for an Annexation to the City of Imperial and to the Imperial County LAFCo for the proposed Russell Court Development. LAFCo will not take action on any annexation absent a Fiscal Impact Agreement between the County of Imperial and the annexing jurisdiction. The Fiscal Impact Agreement that was drafted for the proposed Russell Court annexation identifies the County as receiving 50% of the base year revenue and the City receiving 50% of the base year revenue. The Agreement further stipulates that all other future tax increments for the subject parcels would be split 50% to the City and 50% to the County. Please refer to the attached Staff Report on Fiscal Impact Agreement IM 5-15.	
FISCAL IMPACT: To Be Mitigated	F.O. INITIALS: _____
STAFF RECOMMENDATION: Staff recommends adoption of Resolution #2017-09 approving Russell Tax & Fiscal Impact Agreement IM 5-15 <div style="text-align: center;">10</div>	
MANAGER'S RECOMMENDATION:	MANAGER'S INITIALS 
MOTION:	
SECONDED: AYES: NAYES: ABSENT:	APPROVED () REJECTED () DISAPPROVED () DEFERRED () REFERRED TO:



cc staff report

Report #3

To: Stefan T. Chatwin, City Manager
Imperial City Council

From: Jorge Galvan, Planning Director

Date: April 19, 2017

Project: Review of Fiscal Impact/Tax Share Agreement Between the City and County on Proposed Annexation IM-5-15 of APN's 064-013-003, 064-013-004 064-020-043, 064-254-084, 064-254-085, 064-254-086, 064-254-087 and 064-254-088.

Summary:

Property Owners:	Ray D. Roben Sr; Roben LLC; Stephen J. & Vicki L. Urih
Project Location:	APN's 064-013-003, 064-013-004 064-020-043, 064-254-084, 064-254-085, 064-254-086, 064-254-087, and 064-254-088. (See Exhibit A- Annexation Boundaries)
Pending Action:	Review/Approval of Tax Share Agreement IM 5-15 (See Exhibit B- Draft Tax Share Agreement IM 5-15)
General Plan Proposed:	Proposed (City): Low Medium Density Residential and Multiple Family (Rental) Residential
Zoning:	Proposed (City): R-1 Single Family Residential and RA-Residential Apartment
Environmental:	Proposed Mitigated Negative Declaration

INTRODUCTION AND BACKGROUND

Ray D. Roben Sr; Roben LLC; Stephen J & Vicki L. Urih, property owners of the proposed project site, completed an application packet to the City of Imperial on November 21, 2016 for the proposed residential annexation & subdivision and CEQA review. The proposed project would consist of 126 single family residential units and 66 apartments on 29.98 acres located at the north-west corner of Brewer Road and Nance Road. The purpose of this staff report is to present Tax and Fiscal Impact Agreement IM 5-15 which is one of the requirements for annexation.

ISSUES FOR DISCUSSION AND REVIEW

Tax Share Agreement Purpose and Background- All jurisdictional changes result in property tax adjustments. A Fiscal Impact Agreement (Tax Share Agreement) between the County of Imperial and the City is necessary to identify how property taxes will be distributed after the eight subject parcels are annexed into the City, subdivided and developed. That Tax Share

apportionment is negotiable between the two entities. A Tax Share Agreement determines how that base tax amount and subsequent property tax amount will be split between the two jurisdictions after the annexation takes place and for a specified term thereafter. Annexation Boundaries are proposed to encompass all of the Worthington Road right-of-way, all of the Nance Road right-of-way, and all of the Brewer Road right-of-way inclusive of Drains & Canals. (See Exhibit A)

Tax Share Standards- According to the Imperial County Auditor-Controller’s Office, cities receive approximately 22% of property taxes collected County-wide. Property taxes in Imperial County, as a whole, are allocated as follows: Schools (59%), Cities (22%), County (12%), Special Districts (3%), Fire Protection (3%) and Libraries (1%). The standard tax share acceptable by Imperial County for new annexations by local jurisdictions is a 50/50 split of that City share, inclusive of base year.

Proposed Tax Share Between the City and Imperial County- A draft tax share agreement was prepared and sent to Imperial County management on March 24, 2017. The Fiscal Impact Agreement that was drafted (**Exhibit B-Draft Tax Share Agreement IM 5-15**) identifies the County as receiving 50% of the base year revenue and the City receiving 50% of the base year revenue. The Agreement further stipulates that all other future tax increments for the subject parcels would be split 50% to the City and 50% to the County. Once approved by the Imperial City Council, it will be presented to the Board of Supervisors, and subsequently sent to LAFCo.

Fiscal Impact- Both the County of Imperial and the City of Imperial will collect Impact Fees on all future development at the subject properties. The Impacts are based on the entities respective adopted Fiscal Impact Analysis and can be summarized as follows:

Impact Fee’s			
For Single Family Residential Units	Imperial County Impact Fee	City of Imperial Impact Fee	Total Impact Fee to Be Collected From Developer
General Services/ Administrative	\$ 1,349.00	\$253.91	\$ 201,966.66
Park Services	\$452.00	\$ 1,504.92	\$ 246,571.92
Sherriff/ Law Enforcement	\$619.00	\$242.17	\$108,507.42
Fire	-	\$116.32	\$14,656.32
Library	-	\$263.52	\$33,203.52
Circulation	-	\$514.76	\$64,859.76
Schools/Education - per square foot [~] <i>(Fee approved April 12, 2017)</i>	-	\$4.50	\$1,139,004.00
Sub-total for Single Family Residential Units			\$1,808,769.60
For Multi-Family Residential Units	Imperial County Impact Fee	City of Imperial Impact Fee	Total Impact Fee to Be Collected From Developer
General Services/ Administrative	\$1,057.00	\$253.91	\$86,520.06
Park Services	\$354.00	1,399.92	\$115,758.72
Sheriff/Enforcement	\$484.00	\$242.17	\$47,927.22
Fire	-	\$116.32	\$7,677.12
Library	-	\$245.14	\$16,179.24
Circulation	-	\$357.69	\$23,607.54
Schools/Education - per square foot [~] <i>(Fee approved April 12, 2017)</i>	-	\$4.50	\$267,300.00
Sub-total for Multi-Family Residential Units			\$564,969.90
TOTAL ANTICIPATED IMPACT FEES			\$2,373,739.50

Actions Required by All Responsible Agencies

City of Imperial Considers Discretionary Actions for project approval contingent upon a satisfactory Tax and Fiscal Impact Agreement and contingent upon LAFCo annexation approval. The City is scheduled to consider action on discretionary permits on April 19, 2017.

City of Imperial Tax Share Agreement is reviewed and approved by the Imperial City Council via resolution (See Exhibit C- Resolution No. 2017-10). LAFCo will not approve any proposed annexation, nor schedule for action any proposed annexation, absent an executed Tax and Fiscal Impact Agreement. The City is scheduled to consider approval of Tax and Fiscal Impact Agreement for IM 5-15 on April 19, 2017.

Imperial County Tax Share Agreement is reviewed by the City of Imperial and as previously noted, the City approved Tax and Fiscal Agreement will be presented to the Board of Supervisors for action after the City Council takes action. The Agreement will be presented by the Imperial County Executive Officer and is tentatively scheduled for end of April.

LAFCo will review the annexation application in light of State mandated evaluation criteria and locally adopted policies and may approve the annexation once a public hearing is held and the required Tax and Fiscal Impact Agreement and City Council Resolution approving Annexation are received. The proposed Annexation IM 5-15 is tentatively scheduled for action by LAFCo in May 2017.

CITY COUNCIL RECOMMENDATION AND PENDING ACTION

Upon considering all facts in evidence, City Council may consider the following:

1. Accept Draft Tax and Fiscal Impact Agreement IM 5-15, as written, to be executed by the City Mayor as authorized via Resolution No. 2017-10.
2. Not Accept Draft Tax and Fiscal Impact Agreement IM 5-15 and Request Modifications and provide directive to City Manager and City Attorney to continue to negotiate the edited Draft with Imperial County on behalf of the City; or
3. Provide alternative directive to Staff.

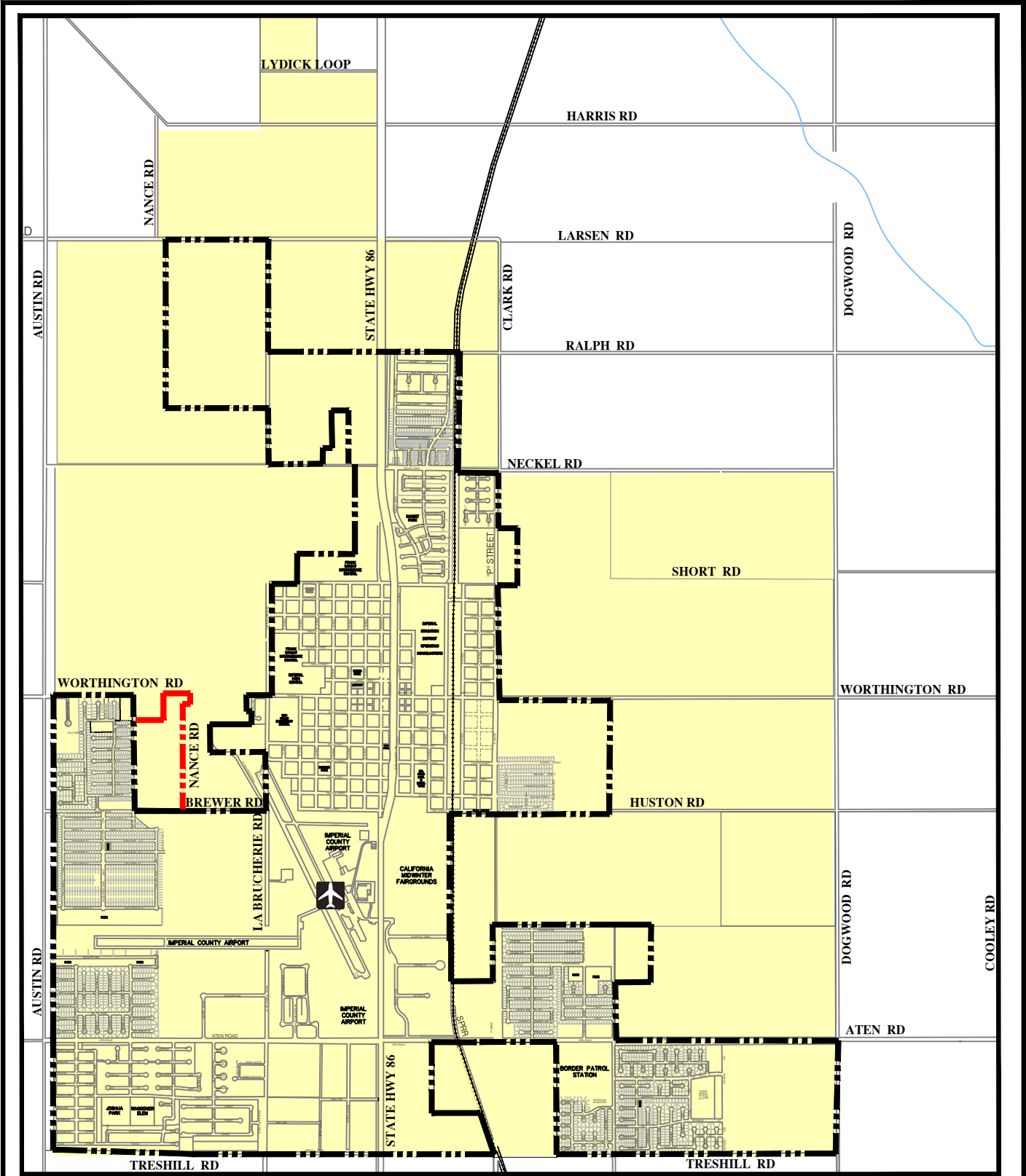
Should you have any questions and/or concerns regarding the information in this report, please feel free to contact me at (760) 355-5211. Your comments are encouraged, written or verbal, and can also be forwarded to jgalvan@cityofimperial.org.

Attachments

Exhibit A – Annexation Boundaries
Exhibit B – Tax Share Agreement
Exhibit C – Resolution No. 2017-10

cc: Ray D. Roben Sr, Property Owner
Stephen J. & Vicki L. Urih, Property Owner
Roben LLC, Property Owner

Exhibit A
Annexation Boundaries



LEGEND:

- Existing City Limits
- Proposed City Limits
- Sphere of Influence (SOI)

The Holt Group, Inc.
 ENGINEERING • PLANNING • SURVEYING

1601 N. Imperial Ave. El Centro, California 92243
 (760)337-3883

NOT TO SCALE

ANNEXATION BOUNDARIES
 CITY OF IMPERIAL

EXHIBIT A

THG Project No. 173.135P
 DATE : April 2017

Exhibit B

Draft Tax Share Agreement

DRAFT

TAX AND FISCAL IMPACT AGREEMENT FOR ANNEXATION IM 5-15

THIS AGREEMENT is made and entered into by and between the COUNTY OF IMPERIAL, a political subdivision of the State of California, hereinafter referred to as "County", and the CITY OF IMPERIAL, a municipal corporation, hereinafter referred to as "City."

WHEREAS, Section 99 of the Revenue and Taxation Code provides that in case of a jurisdictional change, the governmental bodies of all agencies whose service areas or responsibilities would be altered by such jurisdictional change must agree, by resolution, to accept the negotiated exchange of property tax revenues; and

WHEREAS, California Government Code Section 56668 requires certain factors be considered in review of any proposal before the Local Agency Formation Commission, hereinafter referred to as "LAFCO," (including the "effect of the proposed action and of alternative actions on adjacent areas, on mutual social and economic interests and on the local government structure of the county"); and

WHEREAS, California Government Code Section 56069 defines "Proposal" as a request or statement of intention may be by petition or by resolution of application of a legislative body proposing proceedings for the change of organization or reorganization described in the request or statement of intention; and

WHEREAS, California Government Code Section 56021 defines "Change of organization" to mean any of the following :(a) a city incorporation ;(b) a district formation; (c) an annexation to, or detachment from, a city or district;(d) a disincorporation of a city; (e) a district dissolution; (f) a consolidation of cities or special districts;(g) a merger or establishment of a subsidiary district, and;

WHEREAS, LAFCO requires a written agreement between the affected governmental bodies prior to the approval of any annexation to offset any negative fiscal impacts, and

1 WHEREAS, **ANNEXATION IM 5-15** involves the annexation of approximately 29.98
2 acres of (vacant) land to the City of Imperial (Assessor's Parcel Number(s) 064-013-004, 064-254-
3 084, 064-254-085, 064-254-086, 064-254-087, 064-254-088 and 064-020-043) for the purpose of
4 Low Medium Density Residential and Assessor's Parcel Number 064-013-003 for the purpose of
5 Multiple Family (Rental) Residential including retention basins to accommodate stormwater; and

6 WHEREAS, In order to offset the "negative fiscal impacts" to County and City for
7 **ANNEXATION IM 5-15**, County and City are entering into this Agreement, and;

8 WHEREAS, through this Agreement, City agrees to pay County a designated amount to
9 offset the negative impacts created through an annexation of territory to the City, and;

10 WHEREAS, the parties have negotiated this Tax and Fiscal Agreement for the exchange
11 of property tax revenues and to offset negative impacts from **ANNEXATION IM 5-15** to the
12 City.

13 WHEREAS, the current assessed value for the territory within **ANNEXATION IM 5-15**,
14 including improvements, is **\$279.18** for parcel 064-013-003, **\$ 2,046.99** for parcel 064-013-004,
15 **\$518.99** for parcel 064-254-084, **\$518.99** for parcel 064-254-085, **\$2,046.99** for parcel 064-254-
16 086, **\$516.76** for parcel 064-254-087, **\$909.22** for parcel 064-254-088 and **\$484.98** for parcel
17 064-020-043.

18 NOW, THEREFORE, the County and City agree as follows:

19 1. DEFINITIONS.

20 a. "Base year revenues" means property tax revenues accruing to each agency
21 in the current fiscal year, being defined as the fiscal year in which the annexation is accepted by
22 the State Board of Equalization.

23 b. "Tax increment" means that the amount of property tax revenues in excess
24 of base year revenues accruing to each agency (by Tax Rate Area) and resulting from the increase
25 in assessed valuation from one year to the next.

26 c. "TRA" means tax rate area.

1 d. County and City are sometimes hereinafter collectively referred to as "Parties".

2 2. APPORTIONMENT.

3 a. When a special district, including County Fire and Library Districts, gives
4 up its service responsibility in a territory, upon annexation of such territory to a City, the affected
5 special districts shall transfer to the City all of its base year revenues and tax increment
6 attributable to the annexed territory, effective in the fiscal year following the calendar year in
7 which annexation is completed.

8 b. For jurisdictional changes where the proposed area is agreed to by County
9 and City to be substantially developed, no transfer of the base year revenues is required. The
10 aggregate amount of the tax increment that would accrue to County, as a result of the aforesaid
11 base year revenue apportionment, shall be distributed in the amount of fifty percent (50%) of the
12 increment to the City and fifty percent (50%) of the increment to the County.

13 c. For all other jurisdictional changes, the County shall transfer to the City
14 forty percent (40%) of the base year revenues. The aggregate amount of the tax increment that
15 would accrue to County and City, as a result of the aforesaid base year revenue apportionment,
16 shall be distributed in the amount of fifty percent (50%) of the increment to the City and fifty
17 percent (50%) of the increment to the County.

18 3. APPLICATION.

19 The provisions of this Agreement shall apply to the apportionment of all secured and
20 unsecured property tax revenues, due to **ANNEXATION IM 5-15** to the City.

21 4. FISCAL IMPACT PAYMENT

22 a. To offset the negative impact to County of **ANNEXATION IM 5-15**,
23 City, as compensation for the discounted negative impacts for the first twenty (20) years of
24 project development, agrees to pay County certain impact fees pursuant to the *Schedule of Fiscal*
25 *Impact Fees Per Unit (residential) and per Square Foot (nonresidential) -Countywide* attached
26 hereto as **EXHIBIT "A"**. Said fee schedule is pursuant to the Impact Fee Study prepared for the

1 County of Imperial, California, by Tischler Bise dated August 17th , 2006 . A copy of said Impact
2 Fee Study is available upon request.

3 b. Said payment of impact fees shall be made to County by City in a lump
4 sum upon annexation or recordation of the Final Map, or issuance of permits, as applicable.

5 c. As an alternative said payments shall be made to County based upon the
6 number of building permits issued by City on a quarterly basis including October 1, January 1,
7 April 1, and July 1 beginning the first quarter following the issuance of any building permit
8 related to **ANNEXATION IM 5-15**.

9 d. All payments shall be sent to County at the following address:

10 County of Imperial
11 County Executive Office
12 Attn: County Executive Office
13 940 Main Street, Suite
14 El Centro, CA 92243

15 5. TERM OF AGREEMENT.

16 This Agreement shall be in effect from the date of execution of this Agreement by
17 County and City. The terms and conditions for **ANNEXATION IM 5-15** shall remain in full
18 force and effect until each term or condition is completely and fully satisfied.

19 6. ADVERSE PROPERTY TAX IMPACTS

20 Prior to the City including any portion of **ANNEXATION IM 5-15** in the next twenty
21 (20) years covered by this Agreement into any program which adversely fiscally impacts County,
22 City and County shall renegotiate and enter into a new and separate agreement which addresses
23 said negative fiscal impacts.

24 7. INTENT OF AGREEMENT.

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1 a. By entering into this Agreement, the parties mutually assume the
2 continuation of a statutory scheme for the distribution of tax revenues that is compatible with the
3 provisions contained herein, and such assumption is a basic intent of this Agreement.

4 b. If any term or provision of this Agreement is held by a court of competent
5 jurisdiction to be void, invalid or otherwise unenforceable, the remaining terms and provisions
6 shall continue in full force and effect.

7 c. This Agreement is made and entered into in Imperial County, California.
8 This agreement shall be construed and enforced in accordance with the laws of the State of
9 California, except that the parties agree that any action brought by either party regarding this
10 Agreement shall be brought in a court of competent jurisdiction in Imperial County, or if
11 appropriate, in the Federal District Court serving Imperial County.

12 d. The parties hereto agree to act in good faith and deal fairly with the other
13 party in the performance of this Agreement.

14 e. Notices required hereunder shall be in writing and may be given either
15 personally or by registered or certified mail, postage prepaid, return receipt requested. If given by
16 registered or certified mail, such notice shall be addressed as indicated below and shall be deemed
17 given and received upon the earlier of actual receipt by the party to whom the notice was sent or
18 return of the requested receipt to the party giving notice. Notice personally given shall be deemed
19 given when delivered to the party to whom the notice is addressed. Any party may upon ten (10)
20 days written notice to the other party, change the address where notices are to be sent.

21 **NOTICES TO COUNTY**

22 Attention: County Executive Officer

23 940Main Street, Suite #208

24 El Centro, CA 92243

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WITH COPIES TO

Imperial County LAFCO Attention: Executive Officer
1122 State Street, Suite D
El Centro, CA 92243

NOTICES TO CITY OF IMPERIAL

City of Imperial
Attention: City Manager
420 South Imperial Avenue
Imperial, California 92243

8. **EXECUTION OF AGREEMENT**

a. The PARTIES herein agree that this Agreement may be executed in counterparts.

b. The PARTIES herein each warrant and represent that they are authorized to execute this Agreement and bind City or County to the terms and conditions of this Agreement.

IN WITNESS WHEREOF, the parties have executed this Agreement in _____, California, on _____, 2017.

COUNTY OF IMPERIAL

MICHAEL W. KELLEY, Chairman
Board of Supervisors

ATTEST: _____
BLANCA ACOSTA, Clerk of the
Board of the County of Imperial

APPROVED AS TO FORM:

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KATHERINE TURNER
County Counsel

CITY OF IMPERIAL

JAMES TUCKER
Mayor

ATTEST: _____
DEBRA JACKSON
Clerk of the City of Imperial

APPROVED AS TO FORM:

DENNIS MORITA
City Counsel

Exhibit C

Resolution No. 2017-10

RESOLUTION NO. 2017-10

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF IMPERIAL APPROVING A TAX AND FISCAL IMPACT AGREEMENT WITH IMPERIAL COUNTY FOR THE EXCHANGE OF PROPERTY TAX REVENUES UPON ANNEXATION OF PROPERTY WITH APN's 064-013-003, 064-020-043, 064-013-004, 064-254-084, 064-254-085, 064-254-086, 064-254-087 and 064-254-088 TO THE CITY (ANNEXATION IM-5-15)

WHEREAS, Property Owners Ray D. Roben Sr, Roben LLC, Stephen J Urih, and Vicki L. Urih, have submitted to the City of Imperial and the Imperial County Local Agency Formation Commission (LAFCo) an application for annexation of APN 064-013-003, 064-020-043, 064-013-004, 064-254-084, 064-254-085, 064-254-086, 064-254-087 and 064-254-088 also known as the Russell Court Subdivision, currently located in an unincorporated area of Imperial County, contiguous to the Imperial City Limits; and

WHEREAS, it is necessary for the Imperial City Council to approve a Tax and Fiscal Impact Agreement between the City of Imperial and Imperial County for the exchange of property tax revenues upon annexation of territory to the City of Imperial; and

WHEREAS, the City Council has received and reviewed the Draft Tax and Fiscal Impact Agreement IM-15 with tax split on all future tax increment to be split 50% to the City of Imperial and 50% to the County of Imperial; and

WHEREAS, the City Council has reviewed the Draft Tax and Fiscal Impact Agreement, incorporated by reference, and finds that it is in the City's best interest to annex the subject parcels and to enter into the tax share agreement, as presented; and

NOW THEREFORE, LET IT BE RESOLVED by the City Council of the City of Imperial as follows:

- A) That the foregoing recitations are true and correct; and
- B) That the City Council does hereby approve Tax and Fiscal Impact Agreement IM 5-15 between the City of Imperial and the County of Imperial for the exchange of property tax revenues due to annexation to the City.
- C) That the Mayor of the City of Imperial is hereby authorized to sign the Agreement on behalf of the City

PASSED, ADOPTED AND APPROVED by the City Council of the City of Imperial, this 19th day of April 2017.

James Tucker, Mayor
City of Imperial

I, Debra Jackson, City Clerk of the City of Imperial, DO HEREBY CERTIFY that the foregoing ordinance was duly passed, approved, and adopted by the City Council of said City of Imperial at a regular meeting thereof held on the 19th day of April 2017, and that the same was approved by the Mayor of said City of Imperial on said date, and that the same was adopted by the following roll call vote:

AYES:
NOES:
ABSENT:
ABSTAIN:

ATTEST:

Debra Jackson, City Clerk
City of Imperial

RESOLUTION NO. 2017-10

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF IMPERIAL APPROVING A TAX AND FISCAL IMPACT AGREEMENT WITH IMPERIAL COUNTY FOR THE EXCHANGE OF PROPERTY TAX REVENUES UPON ANNEXATION OF PROPERTY WITH APN's 064-013-003, 064-020-043, 064-013-004, 064-254-084, 064-254-085, 064-254-086, 064-254-087 and 064-254-088 TO THE CITY (ANNEXATION IM-5-15)

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- A) That the foregoing recitations are true and correct; and
- B) That the City Council does hereby approve Tax and Fiscal Impact Agreement IM 5-15 between the City of Imperial and the County of Imperial for the exchange of property tax revenues due to annexation to the City.
- C) That the Mayor of the City of Imperial is hereby authorized to sign the Agreement on behalf of the City

PASSED, ADOPTED AND APPROVED by the City Council of the City of Imperial, this 19th day of April 2017.

James Tucker, Mayor
City of Imperial

I, Debra Jackson, City Clerk of the City of Imperial, DO HEREBY CERTIFY that the foregoing ordinance was duly passed, approved, and adopted by the City Council of said City of Imperial at a regular meeting thereof held on the 19th day of April 2017, and that the same was approved by the Mayor of said City of Imperial on said date, and that the same was adopted by the following roll call vote:

AYES:
NOES:
ABSENT:
ABSTAIN:

ATTEST:

Debra Jackson, City Clerk
City of Imperial